

General Assembly Moves in Unison to Protect Consumers, Local Businesses, from Excessive Pharmaceutical Costs

Expanded oversight of Pharmacy Benefits Managers possible

Legislation to further regulate the Pharmacy Benefits Manager industry was passed by the General Assembly in late June and sent to the Governor with unanimous bipartisan support.

[HB 219](#), sponsored by Rep. Andria Bennett, Sen. Spiros Mantzavinos, Senate President Pro Tempore Dave Sokola, and Rep. Mike Smith, would bring Delaware's oversight of the multi-billion-dollar industry on par with other states. Insurance Commissioner Trinidad Navarro and the Delaware Department of Insurance were proud to work with the sponsors on this bill and share their goals of ensuring access to affordable pharmaceuticals and protecting local pharmacies.

A Pharmacy Benefits Manager (PBM) acts as an intermediary for prescription drug plans, influencing what pharmaceuticals will be covered, and the consumer and pharmacy costs of those drugs. These companies hold massive power and bring in billions through manufacturer rebates, limiting generic drug offerings, and retaining negotiated savings while costs for consumers continue to rise. The largest PBMs operate their own pharmacy chains, and their consolidated market power allows them to pay unaffiliated pharmacies unsustainably low reimbursement rates – rates lower than it costs the pharmacy to dispense the drug to a consumer. PBMs' move toward monopolization has contributed to waves of pharmacy closures

across the nation, especially in rural, inner city, and underserved areas – areas that already crave equity and access.

HB 219 aims to solve many of these issues through efforts such as required use of the National Average Drug Acquisition Cost for pharmacy reimbursement, prohibiting inequal payments to unaffiliated pharmacies, and providing the Department of Insurance the ability to investigate PBMs, enforce consumer protection measures, and incentivize corrections through increased regulatory authority.

“With more consumers and local pharmacies facing dire financial situations, and more PBM wrongdoing coming to light, we must act with urgency in reining in this industry. In a developed nation, it is unconscionable that a mother would have to go hundreds of miles to get her child’s medication affordably, and no pharmacy should have to fight for months on end for the right to provide their clients needed pharmaceuticals without going bankrupt,” said **Insurance Commissioner Trinidad Navarro**, referencing passionate resident testimony provided at the bill’s legislative committee hearings.

“We need the authority to enforce consumer protections, to require price transparency and cost containment, and to ensure that these big corporations can’t exclude the small businesses and local pharmacies that have served our community for decades. I’m so thankful for the sponsors of HB 219 for working so hard on this needed legislation, and I am grateful that every single member of the General Assembly supported the effort.”

“For too long, pharmacy benefit managers’ egregious predatory practices have put profits above consumers. With this legislation, we are implementing critical reforms that will improve the oversight of this murky industry and ensure everyday Delawareans are not taken advantage of in such a vulnerable way,” shared **Rep. Andria Bennett**, the prime sponsor

of HB 219 and chair of the Pharmacy Reimbursement Task Force. "I'm grateful for the outpouring of support this legislation has received both in the General Assembly and from individuals and small businesses throughout our state. We owe it to residents to fight for their best interests by increasing affordability and access to needed medication. That's exactly what we're doing with HB 219."

"I served alongside Rep. Bennett on the Pharmacy Reimbursement Task Force and have seen firsthand how the middlemen between drug makers and pharmacies can drive up costs for consumers and even threaten the financial viability of independent pharmacies throughout our state," said **Senate President Pro Tempore Dave Sokola**. "HB 219 will give Delaware the tools it needs to properly regulate this industry to ensure we're controlling the costs of life-saving medication and protect the pharmacies who serve them."

Rep. Mike Smith stated, "I was proud to co-sponsor this measure and help shepherd it through the House. This is ultimately a consumer protection bill with the intended goal of ensuring citizens have affordable access to prescription drugs. It is my hope that the Governor will sign this legislation without further delay."

"Reducing prescription drug prices is one of the most important things we can do to help improve the health and welfare of our neighbors," said **Sen. Spiros Mantzavinos**, the Senate prime sponsor of HB 219. "I am proud to have helped champion this legislation that will provide greater oversight of pharmacy benefit managers, a little-known industry that has a huge impact on whether you can get the medication you need and at what cost. I want to thank Rep. Bennett for her hard work on this legislation and I look forward to it being signed into law soon."

The legislative effort was supported by consumers and independent pharmacists throughout the state, and the Delaware

Pharmacist Society, who spoke passionately about the need to regulate PBMs.

“Not only have PBMs failed to manage the cost of prescription medications, which is the reason they were created, but they have artificially inflated medication prices, causing patients to struggle to afford their medication, while they continue to line their pockets. And, while Independent pharmacy strives to find ways to assist patients with chronic diseases, those who are underserved and vulnerable populations, PBMs put profits over patient care and have created barriers for patients to utilize our services, while forcing them to utilize more cumbersome and costly options,” explained **Kevin Musto**, R.Ph., FAPhA, Independent pharmacist.

“The Delaware Pharmacist Society is elated that patients as well as pharmacists may soon be able to appeal inadequate prescription drug reimbursement, and that unregulated PBMs would have to answer to the Insurance Commissioner’s office on their business practices,” said **Dr. Kim Robbins**, Executive Director of the Delaware Pharmacist Society. “Pharmacists have tried to fight PBMs individually and have been unsuccessful. PBM reform will allow the Insurance Commissioner’s office to protect consumers.”